

Message Text

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PAGE 01 LONDON 09170 01 OF 02 021658Z
ACTION L-03

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 SSO-00 NSCE-00
USIE-00 INRE-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 H-01 /099 W
-----021732Z 039208 /44

O R 021645Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 4640
INFO AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY CANBERRA
AMEMBASSY OSLO
AMEMBASSY BERN
USMISSION USUN NEW YORK
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 09170

PARIS ALSO FOR USOECD
BRUSSELS ALSO FOR USEEC

E.O.11652: GDS
TAGS: EGEN, EINV, UN, ECOSOC, UK
SUBJECT: INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS

REF: (A) STATE 124539; (B) 76 LONDON 11438; (C) 76 LONDON
8375

1. E/C MIN CALLED ON PARLIAMENTARY UNDERSECRETARY EVAN
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PAGE 02 LONDON 09170 01 OF 02 021658Z

LUARD AT THE FOREIGN OFFICE ON JUNE 1 TO SEEK HMG SUPPORT
FOR EFFORTS TO PRODUCE MEANINGFUL TREATY ON ILLICIT PAY-
MENTS. OWING TO CIEC MINISTERIAL, LUARD WAS MOST SENIOR
FCO OFFICIAL AVAILABLE. FORTUNATELY, HE IS THE JUNIOR
MINISTER CHARGED WITH RESPONSIBILITY FOR THIS SUBJECT.
E/C MIN PROVIDED LUARD WITH AIDE MEMOIRE BASED ON PARA 3
REFTEL (A), URGED ACTIVE UK SUPPORT OF U.S. PROPOSALS,

AND ASKED IF HMG THOUGHT IT WOULD BE USEFUL TO HOLD CONSULTATION OF INDUSTRIAL COUNTRIES IN ADVANCE OF NEXT WORKING GROUP MEETING.

2. LUARD RESPONDED POSITIVELY. HE RECALLED OUR PREVIOUS APPROACHES AND SAID HMG CONTINUES TO SUPPORT IDEA OF "INTERNATIONAL DISCUSSION AIMED AT REACHING SOME KIND OF AGREEMENT." HE REFERRED TO STATEMENT MADE IN PARLIAMENT LAST YEAR BY JUNIOR TREASURY MINISTER JOEL BARNETT COMMITTING HMG TO ACTION IN THIS AREA (REFTEL C). LUARD SAID HE AGREED PERSONALLY THAT IT WOULD BE USEFUL TO HOLD CONSULTATION OF INDUSTRIAL COUNTRIES PARTICIPATING IN THE ECOSOC WORKING GROUP IN ADVANCE OF THE NEXT WORKING GROUP MEETING, THOUGH FCO WOULD HAVE TO CONSULT DEPARTMENT OF TRADE. HE ASKED HIS STAFF TO REVIEW PROPOSED DATES AND SUGGESTED LOCATION AND THEN RESPOND TO EMBASSY. LUARD SAID THIS ISSUE IS VERY TOPICAL IN UK AT THE MOMENT BECAUSE OF RECENT ALLEGATIONS OF ILLICIT PAYMENTS BY BRITISH LEYLAND. THOUGH THE INITIAL ALLEGATIONS HAVE BEEN DISCREDITED, THE HEAVY PRESS COVERAGE HAS HEIGHTENED PUBLIC AWARENESS. THUS, HE THINKS UK WILL WANT TO PLAY AN ACTIVE ROLE.

3. TWO SLIGHTLY CAUTIONARY NOTES WERE SOUNDED BY LUARD AND HIS STAFF DURING DISCUSSION. FIRST, DEPARTMENT OF TRADE (DOT) IS MINISTRY PRIMARILY RESPONSIBLE FOR SETTING UK POLICY ON THIS SUBJECT. AT MOMENT THEY FAVOR LOOSER AGREEMENT, I.E. GUIDELINES, RATHER THAN MORE FORMAL CONVENTION COMMITTING COUNTRIES TO DISCLOSURE. THIS RE-CONFIDENTIAL

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PAGE 03 LONDON 09170 01 OF 02 021658Z

FLECTS DOT'S SENSITIVITY TO INDUSTRY CONCERN OVER DISCLOSURE ASPECTS OF ANY CONVENTION. SECOND POINT WAS RAISED BY LUARD'S STAFF. THEY REMINDED US OF NEED TO BRING DEVELOPING COUNTRIES ALONG IN TANDEM WITH INDUST-

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PAGE 01 LONDON 09170 02 OF 02 021658Z
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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 09170

RIALIZED TO ENSURE THEIR ACTIVE PARTICIPATION OR, AT A
MINIMUM, ACCEPTANCE OF INITIATIVES ON ILLICIT PAYMENTS.
THEY FEEL WORKING GROUP HAS MADE SOME PROGRESS ALONG THESE
LINES. THEY EXPRESSED CONCERN, HOWEVER, THAT DEVELOPING
COUNTRIES MAY FEEL THEY ARE BEING DICTATED TO IF CONFRON-
TED IN THE WORKING GROUP WITH A PAPER EXPOUNDING A UNIFIED
INDUSTRIALIZED COUNTRY POSITION BASED ON THE PROPOSED
CONSULTATIONS.

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PAGE 02 LONDON 09170 02 OF 02 021658Z

4. FINALLY, LUARD SAID SUGGESTED DIPLOMATIC CONFERENCE
IN 1978 IS A VALUABLE TARGET WHICH SHOULD HELP FOCUS
CURRENT THINKING ON AN INTERNATIONAL CONVENTION. HE ALSO
DESCRIBED HIS "DISINCLINATION TO GET DISTRACTED" BY
GROUP OF 77 SUGGESTIONS WHICH ARE NOT APPROPRIATE TO THE
FORUM, E.G. CALLING FOR SANCTIONS AGAINST SOUTH AFRICA ON
GROUNDS THAT DOING BUSINESS THERE QUALIFIES AS A CORRUPT
BUSINESS PRACTICE.

5. E/C MIN ALSO RAISED MATTER YESTERDAY WITH SECRETARY
OF STATE FOR TRADE EDMUND DELL, WHO IS THE CABINET OFFI-
CER WITH PRIMARY SUBSTANTIVE RESPONSIBILITY. DELL HAD

NOT BEEN BRIEFED ON PROCEDURAL ASPECTS OF PROBLEM AND HAD
NO COMMENT ON U.S. PROPOSALS.

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